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Nechako-Kitamaat
Development Fund Society

ANNUAL REPORT 2001-2002

May 2002

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1 Introduction from the Chair

The Nechako-Kitamaat Development Fund Society has now completed two full years of operation. We have spent much time fine-tuning our programs, choosing investment firms and reviewing funding applications. Half way through the year we had to replace our manager, after Fiona Glass of Vision Link Consulting moved away from the Northwest. After conducting a competitive process, five applicants were interviewed and we chose Lisa Dunn of Terrace as our new manager.

The Business Loans program, delivered by the three Community Futures Development Corporations in the investment area, is already helping small businesses. In this first year of operation, nearly $150,000 was withdrawn from the $1 million Loan Fund, and this was matched by the CFDC's to create $300,000 in new lending for five small businesses either starting up or expanding.

The two Grant Programs (Community Grant and Economic Capacity Grant programs) were combined as there seemed to be confusion as to the differing requirements. During the past year 20 Grant proposals were received. Eleven of the proposals were approved, totalling $591,740. We paid out $245,636 of that in 2001-2002. We are concerned that the requirement of having matching funds and the slow-down in economic activity had a negative impact on the number of grant applications received and approved.

The Community Legacy Fund Program is now set up and is working well. An investment policy was established by the NKDF Board and approved by the government. The investment firm of Phillips, Hager and North was selected from six firms to manage the funds transferred from the B C Investment Management Corporation (BCIMC). It is expected that these monies will grow at a faster rate than that left with BCIMC. To date, the Legacy Fund has a market value of approximately $12 million dollars with $2,151,000 managed by Phillips, Hager and North. Additional funding is expected to be transferred from BCIMC to Phillips, Hager and North for investment purposes.

The Board held six regular bi-monthly meetings and two conference calls when timely decisions were required. We also held a special meeting of the full board to interview applicants for the manager position and two finance committee meetings to select an investment manager. We regretfully accepted two Board member resignations and appointed one new Board member. Currently we do not have a Board member representing Alcan but we hope they will suggest a replacement in the near future.

I again would like to express my appreciation to all Board members for their support and time committed to Board activities. A special thanks to our new manager, Lisa Dunn.

Dave Merz, Chairman

2 Society Overview

2.1 Mandate

The Nechako-Kitamaat Development Fund (NKDF) Society's funding programs are designed:

> To support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. NKDF spends the income from its long-term investments on programs and projects that meet each community's goals for economic development and community stability.

2.2 Background of the Fund

In 1997, the Government of British Columbia and Alcan Inc. each contributed $7.5 million to create the BC-Alcan Northern Development Fund. This BC-Alcan Agreement settled the legal issues between Alcan and the BC Government that arose from cancellation of the Kemano Completion Project. In January 1998 an Advisory Board for the Northern Development Fund was formed. Its job was to advise the government on how the Fund should be run to stimulate economic growth. In April 1998, the legislature passed Bill 5, the "BC-Alcan Northern Development Fund Act."

Enabled by this Act, and by the recommendations of the Advisory Board, the NKDF Society was incorporated on August 18, 1999. The Minister for Competition, Science and Enterprise appoints board members to represent the communities of the Nechako-Kitamaat area.

2.3 Investment Area

The investment area for the NKDF includes the communities and rural settlements affected by the Kemano-Kitimat reservoir and power project, generally described as the Nechako Region and Kitamaat Village.

Given that there are economic relationships between the Nechako Region and other communities in the Northwest, any community is eligible to apply for NKDF funding, providing the project has direct economic benefits and/or creates jobs in the Nechako-Kitamaat Region. The amount of funding NKDF can provide to a project sponsored from outside the investment area will be proportional to the benefits a project brings to the investment area.

2.4 *Guiding Principles of the Fund*

The management of the NKDF is guided by the following principles:

Community Economic Development	The NKDF invests in community economic development projects and/or programs that are supported by the community.
Job Creation and Enhancement	The Fund invests in projects that create new jobs and/or enhance existing jobs.
Sustainable Employment	The Fund's goal is to support long term employment, both full time and seasonal.
Community Inter-relationships	The Fund recognizes the relationships among communities. It will consider proposals from outside of the Nechako Region and Kitamaat Village if there is a clear benefit to those areas.
Clear and Accessible	The Fund's policies and programs are easy to access, with clear criteria for approval.
First Nations Participation	First Nation participation in the fund will not prejudice the First Nation land claim process.
Local Control	The Directors of the Society will live in Northwestern BC with the majority of Board members living in the Nechako Region or Kitamaat Village. The Board manages the fund.
Benefiting Fund	The Fund's goal is to improve the Nechako-Kitamaat region's economy through sustainable community economic development. It is not intended to compensate those who have been harmed by the Kitimat-Kemano Project, the creation of the Nechako Reservoir or the cancellation of the Kemano Completion Project.
Cooperative Ventures	The Fund cooperates with other funding sources to support projects.
No Duplication	The NKDF will not duplicate, but may add value to, existing economic development programs.
Legacy Fund	$10 million of NKDF assets are held in a Legacy Fund intended to grow to the equivalent of $15 million in 1999 dollars, at which time any surplus may be spent.*
Working Fund	The NKDF has an initial $5 Million in a working fund to invest in loan and grant programs of the Fund.*
Future Opportunities	As the legacy fund and working fund increase in value, there will be additional economic and social benefits.

* *Monies of the Northern Development Fund - used in support of the programs of the NKDF Society - are in investment vehicles which are generally conservative but which also provide opportunities for growth.*

2.5 Society Management

The NKDF Society is governed by a northern-based Board of nine appointees who live in the investment area and represent a range of interests. Current board seats are held by:

- Alan Blackwell, Ootsa Lake
- Percy Campbell, Kitamaat Village
- Dave Merz, Fort Fraser (Chair)
- Bob Murray, Burns Lake
- Karen Nyce, Smithers (Haisla First Nation)
- Glenda Olson, Vanderhoof
- Frank Read, Vanderhoof
- Bill Stewart, Prince George (Secretary/Treasurer)
- Alcan representative (to be announced)

On November 1st, 2001, the management services contract was transferred through a competitive process from Cutting Edge Consulting (now in Nelson, BC) to Lisa Dunn in Terrace. Based on an annual contract, management services are provided on a part-time basis, generally equivalent to 2.5 days/week.

2.6 Government Relations

This year started off with the biggest transfer yet from the provincial government to the society's programs. In May, 2001 the Hon. Minister Paul Ramsay signed a contribution agreement triggering a cheque for $2.5 million, and committing to transferring an additional $2.5 million in the next fiscal year.

Since the Society's incorporation in 1999, the provincial government has transferred $4.36 million from the Northern Development Fund to the NKDF Society for its operations and programs. The balance of the original $15 million remains under the control of the BC Investment Management Corporation. (See financial statements for detailed balances of the Society's various accounts.)

Since the recent reorganization of provincial ministries, the NKDFS Directors and Manager report to the Minister of Competition, Science and Enterprise, the Hon. Rick Thorpe.[1] This reporting relationship ensures that the Society's actions continue to reflect the Advisory Board's recommendations approved by the provincial government. A Society *Business Plan* is produced annually and approved by the Minister.

Last summer there were some examples of joint funding by NKDF and the provincial *Community Enterprise* program under the Ministry of Community Development,

[1] Ron Burleson at the Ministry of Energy is the current Government employee responsible for the NKDF file, but the Society is ultimately responsible to the Minister of Competition, Science and Enterprise.

Cooperatives and Volunteers (now called the Ministry of Community, Aboriginal and Women's Services) but this program was cancelled in the Fall of 2001.

The Society also has relationships with federal government ministries and agencies such as Human Resources Development Canada and Indian and Northern Affairs in order to coordinate work on projects of mutual interest.

3 Goals and Achievements

3.1 Operations Overview

The Board held six regular bi-monthly meetings (in Vanderhoof, Kitamaat, Ootsa Lake, Fort Fraser, Burns Lake and Smithers), plus two conference calls, and one special meeting to interview applicants for the Society manager contract. The finance committee also held additional meetings to select the "Community Legacy Fund" manager.

The following major operational goals were outlined in the NKDFS 2001-02 Business Plan:

> To continue providing effective management services for the society;
> To maintain a fiscally responsible and effective accounting system;
> To hold regular, effective board meetings, to oversee society operations and to be accountable for society actions;
> To evaluate the effectiveness of society operations; and
> To ensure a well planned transition to a new board in May 2001.

An internal evaluation completed by seven Board members reflected a good level of satisfaction with Society management and operations, with a few recommendations for improvement. Each activity was rated on a scale of 1 – 4, with 1 being "poor" and 4 being "excellent."

Management Services:

> All directors gave the highest ratings of "3" and "4" except in 2 areas. The areas requiring improvement were related to a) the new manager's lack of knowledge of some of the communities in the investment area and b) complaints about getting proposals at the last minute. The Manager has since made plans to visit all the communities and has stopped accepting late proposals.
>
> The legally required record-keeping and accounting system is working well, as noted by the auditor in the year-end review.

Board Operations:

> There were two resignations (Mario Feldhoff and June Clark) and one new director (Karen Nyce) appointed in the last year. The transition has been successful.
>
> Most directors rated this component at 3 or 4, and made comments about meetings being relaxed and everyone's views being heard. A few members wished that meetings could be longer, or scheduled more frequently, while others wished that more business could be done within the time allotted.
>
> This evaluation process happens annually, but directors are also planning a more extensive external evaluation process for the next fiscal year and have budgeted $25,000 for this purpose.

3.2 Programs Overview

The NKDF Society managed three programs in the 2001-02 year:

1. Community Legacy,
2. Business Loans, and
3. Community grants.

During the year, the NKDFS simplified the program guidelines, combining the "capacity building" program with the "economic development" programs, and reducing the number of hand-outs from four to one. One hundred copies of the new guidelines were distributed throughout the area in December. The directors are very satisfied with the new guidelines, but recognize that they will need to be revisited to respond to community feedback.

Communications tools such as regular press releases (four during the year) and the overhaul of the NKDFS web-site (www.ndf.gov.bc.ca) also helped to increase public awareness.

Program guidelines for the grants and loans programs can be found in Appendix B, and detailed project descriptions are in section 3.

The following major program goals were outlined in the NKDFS 2001-02 *Business Plan*:

> To deliver up to up to $1 million in grant programs;
> To evaluate effectively all complete grant applications ;
> To conduct evaluations of all approved grant projects;
> To deliver up to $1 million of NKDFS funds in business loans;
> To conduct effective evaluations of all complete business plans;

To conduct an evaluation of the Business Loans Program;
To establish and oversee the Community Legacy Program, based on sound planning and accountability measures;
To conduct an evaluation of the Community Legacy Program and;
To implement an effective communications plan for all society programs

3.3 *Community Legacy Fund Program*

In order to perpetuate NKDF programs into the future, only $5 million of the $15 million fund is to be used for a "working fund" to fund grant and loan programs. The "Legacy Fund" is for the balance of Society funds, which are not to be spent, but are invested to grow to the equivalent of $15 million in 1999 dollars. When the principal has reached that value, the amount of the fund exceeding inflation may be spent annually on operations, grants and loans. Government staff projections in 1999 indicated to the Advisory Committee that this would take between six to eight years, based on conservative estimates.

The Community Legacy Fund is currently held in two investment vehicles, one private and one public. In September, 2001, the investment firm Phillips, Hager and North was chosen to manage the private portion. As of March 31, 2002, the market value of the Legacy Fund investments at Phillips Hager and North was $2,151,186. The market value of all NKDF funds at the BC Investment Management Corporation was $12,762,992, but $2.7 million of that is allocated to the $5 million working fund. So, the approximate combined value of the two Legacy Fund holdings is now $12.2 million in 2002 dollars. (For more detail, see Section 5.0)

The internal evaluation showed that directors are very satisfied with the new Community Legacy Fund investment manager.

3.4 Business Loan Program

This is a new program for the NKDF, and was developed in partnership with the Community Futures Development Corporations of Stuart-Nechako, Nadina, and 16/37.

The business loan program has a pool of $1 million to draw from and is invested with Royal Private Counsel. The program is intended to support the establishment and expansion of small to medium sized businesses that help diversify the economy and create sustaining employment opportunities in the NKDF investment area. The program's purpose is to increase the amount of capital available for small businesses, with special attention to aboriginal businesses in the Nechako-Kitamaat region.

In April 2001, the NKDFS was awarded a "Community Futures Development Association Partnership" award for the innovative and collaborative lending program the NKDFS has entered into with the CFDC's. By the end of the fiscal year, two of the

three eligible Community Futures Corporations had withdrawn almost $150,000 from the $1 million fund and matched it to create $300,000 in lending for five small businesses.

Several directors expressed disappointment with the uptake of the loans program, and all are expecting greater success in the second year of operations.

This table shows the distribution of loan funds in 2001-2002

CFDC	Advance amount	Benefits
Stuart-Nechako Loan #1	$16,051	Expansion of local business, 1 full-time, 1 part-time job
Stuart-Nechako Loan #2	$17,521	Maintains local business, 1 full-time, 1 part-time job.
Stuart-Nechako Loan #3	$22,834	Maintains 6 aboriginal jobs.
Stuart-Nechako Loan #4	$51,303	Maintains local business, 1 full-time, 1 part-time job.
CFDC 16/37 Loan #1	$37,750	Purchase of a business, creating several aboriginal jobs.
	$145,460	

3.5 *Community Grant Program*

The community grant program received a much higher rating this year, reflecting an improvement in the quality of proposals and in the quantity that could be approved within NKDF guidelines. At the same time, there were some very difficult decisions to make in rejecting some proposals that did not fit the guidelines. Almost $600,000 in grant money was approved this year, but only half of that was actually advanced to projects by March 31st. (Reasons for this and details on each project can be found in section 3.0)

Another $2.4 million in proposals were rejected. (Details are in section 3.0)

The directors recognize that many worthy projects have been rejected and have welcomed feedback about how to make the guidelines more suitable for community needs. The directors are also focussing on the ultimate goal of ensuring the fund is available in perpetuity by making cautious decisions that are acceptable to government, business people and communities outside the investment area, all of whom may raise legitimate issues about unfair subsidies or competition.

Some directors are still disappointed with the uptake of the grants program, but everyone is expecting the participation to continue to increase each year until the $1 million goal is met.

4 Grants Program Details

This table shows grant activity in this year and since the inception of the fund.

Year	Proposals received	Proposals approved	Proposals not approved	Total $ approved	Total $ paid
2001-2002	20	11	9	Up to $591,741	$245,636
2000-2001	13	6	7	Up to $534,553	$149,053
1999-2000	8	5	3	Up to $154,500	$25,000

Despite setting a goal of $1 million in approved grants for the last two fiscal years, there are surplus funds in the grant account for the following reasons:

- In 2001-2002, grant commitments were made for $592,000, but only $245,600 was paid out as some projects are waiting for matching funds and others are capital projects that are waiting for good weather or permits before they can proceed.
- Directors rejected a total of $2.4 million in applications because they did not fit NKDF guidelines. As applicants get more experience with the guidelines, the rate of approvals should increase. (See list of rejected proposals at the end of this section.)
- Proposals were hampered by the reduction of available matching funds, and several proponents are still pursuing new funding partners.
- Proposals were limited by the loss of economic development personnel and leadership.
- The Northern economy has been sinking into a deeper recession, reducing the inclination and ability of communities to take on new projects.
- There is continued uncertainty amongst Northern Communities about the impact of the provincial government's core review process and how it will affect funding.

All of the above conditions can change quickly and the Society is ready to support these communities as opportunities arise and as obstacles disappear.

This table summarizes the grants approved in the 2001-2002 fiscal year.
(Details on each active project are on the following pages.)

Applicant	Project	Approved Amount	Status
District of Vanderhoof (2nd installment)	Revitalization Project	$125,000	Summer 2002
Kitamaat Village Council (revised amount)	Wathl Creek Design	$91,000	Awaiting matching funds
Fraser Basin Council (NWC)	Evaluation Methods	$1,500	Complete
Kitamaat Village Council	Kitamaat Dock Improvement	$115,706	Complete
Braeside Recreation Commission	Braeside Hall Upgrade	$10,000	Complete
Nechako Valley Historical Society	5 Year plan development	$5,000	Complete
Southside Economic Dev't Assc.	Bella Coola Trail Rehabilitation	$0	Cancelled
Ootsa Lake Community Water Society	Water System	$126,100	Awaiting permit
CFDC Stuart-Nechako	Forum / Conference	$2,185	Postponed
District of Vanderhoof	Riverside Park Lighting	$77,250	Summer 2002
Burns Lake Native Development Corp.	Entrepreneurial Training	$38,000	Awaiting matching funds
	Total commitments made this fiscal:	**$591,741**	

This table summarizes proposals not approved in 2001-2002

Applicant	Project	Reason Not Approved	Amount Requested
District of Vanderhoof	Sewage Treatment Upgrade	Duplicates gov't mandate.	$1,931,666
Regional District of Bulkley-Nechako	Fort Fraser Water System Upgrade	Duplicates gov't mandate.	$65,000
Kitamaat Village Council	Mussel Farm	Suitable for loans program.	$159,500
Fort Fraser Chamber of Commerce	Job Creation Project	Inadequate matching funds & not sustainable.	$43,165
Southside Ec Dev Ass'n	Keefe's Landing Café	Suitable for loans program.	$147,450
Village of Burns Lake	Playground	No economic benefits to investment area.	$98,067
Fraser Basin Council	Sustainability Forum in Prince George	No economic benefits to investment area.	$2,000
Heart of BC Tourism	Coordinator	Not enough matching funds.	$46,094
College of New Caledonia	Focus Groups	Core activity of agency.	$4,433
		Total grants not approved this fiscal:	**$2,444,848**

Project Title:	**Vanderhoof Revitalization Project**
Proponent:	**District of Vanderhoof (for Vanderhoof Revitalization Committee)**
Grant:	**Up to $375,000, over 3 years**
Date Approved:	**March 21, 2001**
Location:	**Vanderhoof**

Project Summary:

This project was the first multi-year commitment made by the NKDFS, and received a second instalment of $125,000 in this fiscal year. A final $125,000 is allocated for the project in the next fiscal year, conditional on the availability of funds to the Society and the securing of matching funds by the proponent.

This project was identified as one of the priorities for development during a community priority-setting event in 1999. Spearheaded by a volunteer group (Vanderhoof Revitalization Committee) under the auspices of the District of Vanderhoof, the downtown revitalization project has made dramatic progress in year one and will continue to improve the business environment of the downtown core over the next two years.

Funding partners to date include the Ministry of Municipal Affairs and the District of Vanderhoof. One of the immediate outcomes of this project has been that several of the neighbouring businesses have upgraded their own properties to tie in with the improvements.

Project Title: **Design of Wathl Creek Commercial Area**

Proponent: **Kitamaat Village Council**

Grant: **Up to $101,000**

Date Approved: **Approved for extension Dec. 31, 2002**
(original approval made March 21, 2000)

Location: **Kitamaat Village**

Project Summary:

This project covers phase one of a long-term goal to develop a commercial sector in Kitamaat Village, and has been identified as the main development priority of the community. There is no area in the village suitable for individual commercial ventures and the capital costs required to develop land discourages individual entrepreneurs from coming forward. The design phase includes the drafting of a master land use plan and assessments by geotechnical, hydrotechnical and environmental consultants and the completion of a detailed design of the Wathl Creek Commercial Area.

Kitamaat Village Council experienced some major delays (originally approved in March 2000) with this project due largely to:
a) questions about the ownership of a portion of the land included in the project; and
b) difficulty in securing substantial contributing funds.

To date, NKDF has advanced $10,000 to this project and the balance will be forwarded when the proponent gets matching funds from the Federal Department of Indian and Northern Affairs or other sources.

Project Title:	**Spillway Evaluation Methods**
Proponent:	**Nechako Watershed Council, under the auspices of the Fraser Basin Council.**
Grant:	**$1,500**
Date Approved:	**July 25, 2001**
Location:	**Nechako Watershed**

Project Summary:

The Nechako Watershed Council has been working since 1998 to resolve some of the watershed issues created by the Kenney Dam. One of the initiatives they are taking the lead on is the Cold Water Release Facility. The NWC recognized the complex environmental and economic assessments required for such a project and asked the NKDF and the Northern Development Commission to share the costs of the first step: getting expert advice on what assessment methodology should be used.

Economist, Gary Holman, was hired to do the job, and he completed his report in February. The resulting product is being used to define the methodology of the next step, which is: to do a systematic "Assessment and Evaluation of the Benefits of Cold Water Release." That "AEB" document will be used in turn to raise $50 million of the estimated $100 million project costs ($50 million has already been committed by Alcan).

Project Title: **Kitamaat Dock Improvement**

Proponent: **Kitamaat Village Council**

Grant: **Up to $115,706**

Date Approved: **July 25, 2001**

Location: **Kitamaat Village Waterfront**

Project Summary:

The marina is a focal point of the community, for traditional and commercial activities, but it was in urgent need of upgrades to meet the needs of modern fishing and tourism operators. This project brought electrical service, lights, fresh water and new decking to the floats and wharf and is an excellent example of NKDF funds being used to improve public infrastructure to increase economic opportunity.

Skeena Native Development Society paid for the labour (3000 hours worth over $40,000 in payroll costs) and 16/37 Community Futures Development Corporation shared the capital costs with the NKDF. 16/37 also approved a loan to enable the Harbour Authority to purchase a revenue-generating crane for moving freight between the boats and the wharf. The Village Council contributed the project management costs.

Project Title:	**Braeside Hall Improvement**
Proponent:	**Braeside Recreation Commission**
Grant:	**$10,000**
Date Approved:	**July 25, 2001**
Location:	**Braeside (near Vanderhoof)**

Project Summary:

The Braeside Recreation Commission and its community hall serves a community of 400 in the rural area of Vanderhoof and has been providing a focus for community activities for 28 years. A comprehensive "community needs survey" done in 1998 concluded there was a need for a larger, more suitable community gathering facility.

After considering the evidence of community volunteerism and commitments from partners such as the BC Gaming Commission, the Regional District of Bulkley-Nechako and Alcan, the NKDF directors decided to assist with Phase 1 of this project (doors, insulation, sheeting, foundations and electrical upgrades).

The project provided an inspiring example of community participation, with up to 15 volunteers at weekend work bees, and other residents providing food for the workers. In the final report, the Commission had tracked over 1600 volunteer hours and 80 equipment hours.

Project Title:	**Nechako Valley Historical Society Five Year Development Plan**
Proponent:	**Nechako Valley Historical Society**
Grant:	**$5,000**
Date Approved:	**July 25, 2001**
Location:	**Vanderhoof**

Project Summary:

The volunteers of The Nechako Valley Historical Society have been managing a museum site with the help of local businesses and government since 1980. The land and buildings belong to the District of Vanderhoof, but the NVHS is responsible for the care and operation of the facilities.

The directors of the society recognized a need to develop a business plan that would show them how to increase revenues, complete existing projects and develop into a viable organization. They raised the required funding from NKDF and hired consultant Shirley Moon of "Women @ Work" to survey residents and local non profit groups and to write the business plan. The outcomes of implementing the plan over the next five years include increasing membership and attracting more income from tourists and other sources.

Project Title: **Ootsa Lake Community Water System**

Proponent: **Ootsa Lake Community Water Society**

Grant: **Up to $126,100**

Date Approved: **Sept. 19, 2001**

Location: **Ootsa Lake**

Project Summary:

The existing water supply for Ootsa Lake residents, the Ootsa Lake Bible Camp and the new Cheslatta sawmill consists of hauling or pumping water from the lake or from the village of Burns Lake. Health, fire protection, quality of life and economic development issues all combine to make solving this problem a high priority for Ootsa Lake residents and the NKDF directors.

The Ootsa Lake Community originally applied to the NKDF for support for a new water system in early 2000, but the proposal was rejected until the community members had fully explored all their options, firmed up the costs and found more funding partners. Eighteen months later, the NKDF approved this much stronger proposal.

The project has not started yet as the Society is still working with engineer Phil Reid to satisfy the Public Health authorities that a permit can be issued.

Project Title:	**Riverside Park Lighting**
Proponent:	**District of Vanderhoof**
Grant:	**$77,250**
Date Approved:	**March 27, 2002**
Location:	**Vanderhoof**

Project Summary:

This project is intended to add to the quality of life in Vanderhoof, for residents and visitors. Bringing electricity and lighting to the popular paths, parking and picnic area will reduce vandalism, improve safety and increase the range of activities that the park can be used for. Long term plans include building a bandstand suitable for musical events.

This project was recently approved, and no funds have yet been advanced. NKDF Directors were impressed with the level of community support for this project which already had matching funds in place from the District of Vanderhoof, the Rotary Club and the Nechako Valley Credit Union. Another factor in the approval of this project was that the District had committed to an annual maintenance budget of $8000.

Project Title:	**Dream Catcher Entrepreneurial Training**
Proponent:	**Burns Lake Native Development Corporation**
Grant:	**Up to $38,000 or 50%**
Date Approved:	**March 27, 2002**
Location:	**Southside**

Project Summary:

This project was only recently approved, conditional on finding matching funds and a minimum of 20 qualified participants from the Southside of Francois Lake. The project is intended to build entrepreneurial abilities among the Cheslatta-Carrier, Skin Tyee and Nee Tahi Buhn communities, enabling them to take advantage of new opportunities such as the beetle-killed wood harvest.

5 Financial Highlights

Financial Highlights as of March 31, 2002:

2001-2002	Budgeted	Actual
Total administration expenses	$160,760	$86,518
Total grant payments	$1,000,000	$245,636
Total loan payments	$1,000,000	$145,461

Net administration assets	$79,405
Net grant fund assets	$776,851
Net loans fund assets (includes loans receivable)	$1,050,937
Community Legacy Fund (market value)	$2,151,186
Net total assets in NKDF accounts	**$4,058,379**

The balance of the original $15 million dollar account is in the Northern Development Fund, managed by the British Columbia Investment Management Corporation. The market value of this investment account as of March 31, 2002 was $12,763,000, so the combined assets of the NKDF and the Northern Development Fund total **$16,821,379**.

Details of the Community Legacy Fund, showing the distribution of funds between the BCIMC account and Phillips, Hager and North.	**Transaction detail**	**Year-end Market Value**
BCIMC opening balance	$15,000,000	
Less transfers to Phillips, Hager & North Legacy Fund	-$2,089,515	$2,151,186
Less all transfers to $5 million working fund since 1999.	-$2,278,404	
Less balance of $5 million working fund, not yet transferred.	-$2,721,596	
Market value increases in BCIMC investments since 1999.	$2,130,911	
Balance in BCIMC allocated to Community Legacy		$10,041,396
Total Value of Community Legacy as of March 31, 2002		**$12,192,582**

Annual Audit

The annual audit of the NKDFS was completed in April 2002 by Edmison-Mehr Chartered Accountants (Smithers). The statements are attached as Appendix A.